

VZCZCXRO0306
PP RUEHLMC
DE RUEHUM #0083/01 0380911
ZNY CCCCC ZZH
P 070911Z FEB 07
FM AMEMBASSY ULAANBAATAR
TO RUEHC/SECSTATE WASHDC PRIORITY 0766
INFO RUEHBJ/AMEMBASSY BEIJING 5385
RUEHUL/AMEMBASSY SEOUL 2609
RUEHKO/AMEMBASSY TOKYO 2340
RHHMUNA/CDR USPACOM HONOLULU HI
RUEKJCS/OSD WASHDC
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC 0455

C O N F I D E N T I A L SECTION 01 OF 02 ULAANBAATAR 000083

SIPDIS

SIPDIS

E.O. 12958: DECL: 02/02/2017
TAGS: [PGOV](#) [PINR](#) [MARR](#) [EMIN](#) [MG](#)
SUBJECT: COALITION GOVERNMENT GETS A BIT WOBBLY

REF: ULAANBAATAR 0019

Classified By: EP Chief Patrick J. Freeman, for reasons 1.5(B) and (D).

11. (C) SUMMARY: Parliament's February 6 vote to sack Minister for Industry and Trade Jargalsaikhan (septel) was the latest sign of turmoil for the year-old "Government of National Unity," which has begun to wobble considerably since the start of 2007. Public and private criticism of the government by senior MPRP figures is intense. A sudden MPRP plan to "restructure" the government is widely viewed as a cover for moves against Prime Minister Enkhbold by his party rivals. Whatever the outcome of this evolving situation, Mongolia's basic foreign policy direction, including its policy of building close ties with the U.S., will not likely be changed. END SUMMARY.

12. (SBU) Parliament's February 6 vote to dismiss MIT Minister Jargalsaikhan was the third time in little more than a month that the Cabinet lost a minister. In an implicit nod to the likely outcome of the Jargsalsaikhan vote, Prime Minister Enkhbold did not show up in parliament to participate in the debate or the balloting. The slow unraveling of the government began in early January, when Health Minister Gundalai was dismissed by the Prime Minister (reftel). Gundalai's People's Party was subsequently removed from the five party coalition which formed the current "National Unity" government in January 2006. In mid-January, despite votes by some party colleagues against him, MPRP Minister for Social Welfare and Labor Odonchimed survived a motion by the opposition Democratic Party to dismiss him -- but then immediately resigned anyway. Just before voting overwhelmingly to sack Jargalsaikhan, parliament confirmed the PM's choices (two MPRP MPs) for the vacant Health and Social Welfare positions.

13. (SBU) Jargalsaikhan asserted after his dismissal that his Republican Party (for which Jargalsaikhan is the only MP) has the right under the coalition government agreement to fill the Trade and Industry seat. However, it seems more likely than the governing coalition will further contract to three parties, and an MPRP nominee will fill the post. Altogether, the three remaining parties in the coalition would hold 46 out of 76 seats in parliament (with the MPRP alone holding 39 seats, ensuring a simple majority).

14. (SBU) Even if the Democrats refrain from calling parliamentary votes on other unpopular ministers, further changes in the government seem likely in the near future. During a lengthy MPRP Steering Council meeting on January 31, the party reportedly decided to form a working group to restructure the government and shrink the number of ministries, perhaps to nine from the current 13 -- a step which will further affect the coalition agreement on

distribution of Cabinet seats. Reports from MPRP sources suggest that the restructuring plan was forced on Enkhbold by his rivals in the party, who intend to use the plan to maneuver against the PM. The working group is headed by MPRP MP (and Deputy PM in the September 2004-January 2006 government) Ulaan, and is due to report in late February. The State Great Hural is currently slated to recess soon until April, but may be held in session to consider the revised government structure (at least up until the February 15-19 Tsagaan Saar holiday).

15. (SBU) Adding greatly to the sense of siege for the government of Prime Minister Enkhbold, he and his government have come under strong public criticism from MPRP figures in recent days. In a newspaper interview published on January 30, Ulaan called the current Cabinet "undisciplined," and said it is losing the trust and confidence of the public. Ulaan underlined the importance of the Prime Minister in ensuring the government works as a unified whole, and said that PM Enkhbold lacked experience and thus had difficulty in providing leadership. Ulaan opined that the MPRP might form a new government with Democratic Party support, and said that the PM in such a government would need to be decided by MPRP party meetings. MPRP Secretary General S. Bayar also told journalists that the government is ill-disciplined, and said he did not believe it would be able to continue to function.

16. (C) In a January 23 meeting with E/P Chief, Bayar (strictly protect) said that there is considerable discussion among senior party figures about dumping PM Enkhbold both as Prime Minister and as party leader. Bayar called Enkhbold weak and indecisive, and blamed him for the MPRP's low standing in the opinion polls. Bayar opined that, if the

ULAANBAATA 00000083 002 OF 002

coalition somehow escaped a major reshuffle before the mid-February Mongolian New Years, the issue would reoccur when parliament begins its spring session in April. Bayar commented that President Enkhbayar is working through DPM Enkhsaikhan to try to resurrect an MPRP-Democratic Party coalition government. E/P Chief noted that 17 (out of 24) DP MPs had publicly said in January 2006 that they wanted to join the new government. Bayar opined that no more than half of those MPs would still be willing to do so, given the approach of the June 2008 general election. During a January 30 lunch with visiting EAP DAS Christensen, Bayar said that PM Enkhbold has been unable to discipline his Cabinet -- an observation all the more notable because the other lunch guests listening to this comment included Democratic Party head Elbegdorj and Civil Will Party head Oyun.

17. (C) Comment: Amid this evolving free-for-all, it's hard to predict where things will end up, except to say that more dramatic developments seem likely soon -- and that the MPRP's poll numbers won't be helped by the public feuding within the party. Foreign policy is generally not an issue of contention in Mongolian politics, and Mongolia's policy of building close ties with the United States will not change whatever government is in place. However, the current government's typical indecisiveness will only be aggravated by the distractions of the ongoing political circus, which may hamper prompt consideration of issues of importance to us.
MINTON